Amendments

Kindly enter the following amendments to the claims:

1 (currently amended). A method of hedging investment risk in **an** actively managed exchange traded **fund, comprising** **[funds, comprises]**:

receiving or determining [extracting] factor information **about** [from] the **fund holdings** **[portfolio of the actively managed exchange traded fund]**, **wherein the factor information measures the sensitivity of the fund holdings to** **[determining]** factors that affect the value of the **[exchange traded]** fund **holdings**; and

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selecting a portfolio of financial instruments **[with similar behavior with respect to the determined factors]** to produce a hedging portfolio **with substantially the same sensitivity to the factors that affect the value of the fund holdings** **[that tracks the price of the exchange traded fund]**,

wherein at least part of the method is performed on a computer.

2 (currently amended). The method of claim 1 wherein the **hedging** portfolio tracks the price of the **[exchange traded]** fund.

3 (currently amended). The method of claim 1 further comprising:

[producing a hedging portfolio from the portfolio of financial instruments to hedge] **using the hedging portfolio to hedge** a position taken in the exchange traded fund.

4 (currently amended). The method of claim 1 **[wherein determining]** further **[comprises]** **comprising**:

applying factor analysis to the portfolio of the exchange traded fund to **determine the sensitivity of the fund to** **[provide]** the factors.

5 (currently amended). The method of claim 3 wherein **the** applying **step** occurs in a trusted computer system.

6 (currently amended). The method of claim 1 wherein the factors **[that are examined by factor analysis]** include economic activity, inflation rates or other factors that are related to measures of economic activity.

7 (currently amended). The method of claim 1 further comprising:

selecting a group of securities, and

constructing **[a factor]** **the hedging** portfolio based upon weightings and selections of securities from **[a given]** **the** group of securities.

8 (currently amended). A computer program product residing on a computer readable medium for hedging investment risk in actively managed exchange traded funds **[, comprises]** **comprising** instructions for causing a computer to:

receive or determine **[extract]** factor information **about** **[from]** **the fund holdings** **[a portfolio of the actively managed exchange traded fund]**, **wherein the factor information**

measures the sensitivity of the fund to **[determine]** factors that affect the price of the **[exchange traded]** fund **holdings**; and

select a portfolio of financial instruments **[with similar behavior with respect to the determined factors]** to produce a hedging portfolio **with substantially the same sensitivity to the factors that affect the value of the fund holdings** **[that tracks the price of the exchange traded fund]**.

9 (currently amended). The computer program product of claim 8 wherein the **hedging** portfolio tracks the price of the **[exchange traded]** fund.

10 (currently amended). The computer program product of claim 8 further comprising instructions to:

[produce a hedging portfolio from the portfolio of instruments to hedge] **use the hedging portfolio to hedge** a position taken in the exchange traded fund.

11 (currently amended). The computer program product of claim 8 **[wherein instructions to determine]** further **[comprise]** **comprising** instructions to:

apply factor analysis to the **[portfolio of the]** exchange traded fund to **determine the sensitivity of the fund holdings to** **[provide]** the factors.

12 (currently amended). The computer program product of claim 11 wherein **[instructions to apply are executed]** **the factor analysis is applied** in a trusted computer system.

13 (currently amended). The computer program product of claim 8 wherein the **[extracted]** factors **[that are examined by factor analysis]** include economic activity, inflation rates or other factors that are related to measures of economic activity.

14 (currently amended). The computer program product of claim 8 further comprising instructions to:

select a group of securities, and

construct **[a factor]** **the hedging** portfolio based upon weightings of and selections from **[a given]** **the** group of **[instruments]** **securities**.

15 (currently amended). A computer system for **[determining a basket of securities for]** **producing a hedging portfolio for** hedging investment risk in actively managed exchange traded funds, **[comprises]** **comprising**:

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a trusted computer system; and

a computer storage medium storing a computer program product for determining the basket of instruments for hedging investment risk, comprising instructions for causing the computer to:

receive or determine **[extract]** factor information **about** **[from]** **the fund holdings** **[a portfolio of the actively managed exchange traded fund]**, **wherein the factor information measures the sensitivity of the fund holdings to** **[determine]** factors that affect the price of the **[exchange traded]** fund; and

select a portfolio of financial instruments **[with similar behavior with respect to the determined factors]** to produce a hedging portfolio **with substantially the same sensitivity to**

the factors that affect the value of the fund **[that tracks the price of the exchange traded fund]**.

16 (currently amended). The system of claim 15 wherein the computer program further comprises instructions to:

[produce a hedging portfolio from the portfolio of stocks to hedge] **use the hedging portfolio to hedge** a position taken in the exchange traded fund.

17 (currently amended). The system of claim 15 **[wherein instructions to determine]** further **[comprises]** **comprising** instructions to:

apply factor analysis to the **[portfolio of the]** exchange traded fund to **determine the sensitivity of the fund holdings to** **[provide]** the factors.

18 (currently amended). The system of claim 15 wherein **[system examines factors including]** **the factors include** economic activity, inflation rates or other factors that are related to measures of economic activity.

19 (currently amended). The system of claim 15 wherein the computer program further comprises instructions to:

select a group of securities, and

construct **[a factor]** **the hedging** portfolio based upon weightings of and selections from **[a given]** **the** group of **[instruments]** **securities**.

20 (currently amended). A method of calculating **[a Net Asset Valuation]** **an intra-day value** proxy **for an actively managed exchange traded fund, comprising** **[comprises]**:

producing a hedging portfolio to track an actively managed fund by **[extracting]** **receiving or determining** factor information **[from a portfolio of the actively managed exchange traded]** **about the** fund [and determining] **holdings, wherein the factor information measures the sensitivity of the fund holdings to** factors that affect the price of the **[exchange traded]** fund**;**

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[to select] **selecting** a portfolio of financial instruments **[with similar behavior with respect to the determined factors]** to produce **[the]** **a** hedging portfolio **with substantially the same sensitivity to the factors that affect the value of the fund**; and

applying current prices to the hedging portfolio to determine **[a NAV]** **the intra-day value** proxy value for the exchange traded fund.